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SIDE DOOR TO SLAVE LABOR

By FRANK CHODOROV

THIS HAPPENED LAST MONTH. A staff executive of the CIO was explaining a model guaranteed annual wage contract. His audience consisted of what is sometimes called "middle management" — plant foremen and executives below the policy-making echelon. Walter Reuther, president of the CIO, last year threw out the suggestion of a guaranteed annual wage, and "union economists" have since been promoting the idea in the labor press. This staff expert was explicit; he informed the audience that the subject had got beyond the hypothetical stage, that the details had been worked out and that a time had been set for demanding industry's signature. "We are not springing this thing on you. We are giving you ample warning. You will have the guaranteed annual wage by 1955." He was "softening up" the probable opposition.

The model contract was full of clauses, but the gist of it was quite simple. Management would be asked to set up a fund, out of which the workers would receive the stipulated wage if at any time during the contractual year the workers were laid off "for no cause of their own". The fund would be provided for by the workers themselves; it would be built up by payroll deductions.

The audience promptly came to the conclusion that the contract would "freeze" the worker to the job. His interest in the fund would deter him from changing his employment. Nor would he be able to refuse, except on penalty of losing his claim on the fund, to do whatever he was asked to do during a "lay off" period; such as painting the roof, cleaning up wash rooms, or any of the chores that had been neglected by the management (perhaps with purpose) during the busy season.

The staff executive parried this thought with a peroration on "security". There were tears in his voice. Yet, the foremen, being straight thinkers, came up with some pertinent questions during the post-meeting discussions. For instance: "What would the workers gain by making contributions to the wage fund? Why not let them have all of their earnings to do with as they pleased? Could they not be trusted to save something during the weeks of plenty against a lay off?" They could not divest themselves of the tradition that the worker had a right to his property, his wages, to do with it as he wills.

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Implied in the model contract was the thought, rather repugnant to these traditional Americans, that the worker must be taken care of, even against his own weaknesses. Since the union officials would have a say in the disposition of the fund, their hold over the membership would be strengthened.

As for the withholding clause in the contract, the foremen were not fooled; it was just a trick to make the contract palatable to employers. How could they lose by guaranteeing to hand out wages that they had retained in the first place? However, it is certain that in wage negotiations the union officials would reach for the full amount earned by the worker, and then would add something for the fund. This additional amount would have to be added to the price of the product, and then the problem of meeting competition would arise. But that is another matter.

IT IS ODD HOW discredited economic theories have a way of bobbing up under new disguises. This guaranteed wage idea stems from what was called the "wages fund" theory, commonly accepted by economists in the early nineteenth century. It was the basis of the doctrines of Karl Marx. This theory held that wages come from a fund set aside, at the beginning of the year, for the payment of labor. The owners of capital arbitrarily decided how much of their capital could be distributed among the workers, and these predetermined shares could not be altered during the year. This was the gist of the "Iron Law of Wages".

Even a "union economist" today will scoff at this theory. He knows, as does the worker himself, that wages come out of production, and is quick to demand more wages when the output per man, whether due to improved skill or better machinery, is increased.

Nevertheless, the tying of the rate of wages to the rate of production is irksome to those who thrive on the class-struggle theory. If earnings are determined by output, what happens to the argument that the boss — the "dog" — exploits labor? The doctrine of exploitation, upon which class hatred rests, falls flat when you admit that the employer really does not pay wages, that what he hands out in the pay envelope comes from the consumer, who is the worker himself. In the final analysis, the worker pays his own wages. If he produces a lot, if he uses the capital furnished him by the capitalist efficiently, then the price of the commodity is low and he is able to consume more; since wages, real wages, consist of consumable goods, not money, the worker is better paid when he produces an abundance. On the other hand, if production is low, prices are high, and the worker suffers; and this can be so even if the worker has many dollars in his pay envelope.

This kind of reasoning, however, does not sit well with the "union economist", because it destroys the whole pattern of his thinking. He is out of business the moment he

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admits that wages are fixed by production; he has to hold on to some doctrine of exploitation; he has to maintain that the worker is "robbed". So, he points to "fabulous profits" as proof that robbery has occurred, ignoring the fact that these "fabulous profits" are nothing but the cost of replacing capital worn out in production plus the wages of management. Nor does he mention the fact that offsetting these "fabulous profits" are the compensatory "fabulous losses" that plague business. If he were to admit these facts, the "union economist" would be as ridiculous as a gangster without a gun.

But, whether he admits the facts of economics or not, he has to face up to them in his negotiations with the employer. When the latter's books indicate that putting more dollars into the pay envelope is tantamount to inviting bankruptcy, the "union economist" is in a quandary. He has to justify his existence, his salary and expense account, by "getting something" for his dues-paying membership, and it is a certainty that bankrupting the employer is not the way.

In recent years the quandary has been solved with a word — "security". The fact that it is only a word, a will-o'-the-wisp, does not bother the "union economist"; it serves his purpose. Meanwhile, the worker, bamboozled by the mirage of abundance in his old age, has his real wages lowered; not only is his envelope filched to set up pension funds, which will eventually dole out to him dollars of less purchasing power than the dollars he had been compelled to contribute, but he is also robbed by the government, with the blessings of the "union economist", in the name of "social security".

The latest in the "security" shell game is the guaranteed annual wage. The employer is to be forced to enter into a contract with his workers to pay them dollars, work or no work.

IN ORDER FOR THE employer to live up to this contract it is necessary that he have a market for his goods or services sufficiently large to meet the wage obligation. The guaranteed annual wage should be offset by guaranteed sales. But, where competition exists this is manifestly impossible; it is a contradiction of competition. There is no way of predetermining the volume of sales where the customer has freedom of choice, where the vagaries of style, weather and customer acceptance play so important a part. That's why competent salesmanship is in great demand and advertising appropriations are made.

In short, if the worker, as consumer, refuses to buy the things he makes, there is no way for the employer to pay him wages. If the worker has a legal and enforceable annual wage contract, his rejection of his own products in the market place must result in the bankruptcy of the employer; the liquidation of his plant to satisfy the worker's claim is then automatic. The worker gets his wages, as per contract, and loses his job.

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There are exceptions. In a few industries, producing what is known as "staples", like work shoes and pork sausages, in which style, weather and human indiosyncracies are of negligible importance, the entrepreneur can guess his sales volume with some degree of accuracy. In such cases, the employer can take a chance at a guaranteed annual wage, provided it is low enough to cover unseen contingencies. In exchange for the guarantee the worker must take less than he is entitled to, according to his output, during the busy periods.

A monopoly can enter into an annual wage contract simply because it has some control over its market; that is what makes it a monopoly. A power and light company is a prime example. Its product is essential to the life of the community, it has no competition, and its price is fixed by law. Within narrow limits it knows what its intake will be and therefore what it can hand out in wages.

However, most of the country's population is employed in competitive industry. If the employers are saddled with an annual wage obligation, who is going to guarantee them a market? The obvious answer: the government. This means the end of competition.

The workers in a plant operating for the government, can be assured of an annual wage. The market for their product is fixed in advance; so is the price. Their wages are not paid by the consumer but are derived from compulsory taxes. The workers, as taxpayers, must "buy" the battleship.

This is the ideal setup for a guaranteed wage contract. It is just what the "union economist" is driving toward. It is absolute "security". But, if risk is to be taken out of industry by government intervention, so is freedom of choice. This is the ultimate end of guaranteed wages. And it could be accomplished simply by the government's coming to the rescue of those concerns who find themselves insolvent because of the wage contract. For political reasons, the government might find it necessary to save a concern employing many workers (voters) by the simple device of subsidizing it.

The larger concerns might welcome this way of ridding business of risks. Plagued by competition from venturesome little fellows, they should find the annual guaranteed wage a boon; for the promise of an assured and regulated market would relieve them of marketing troubles, and remove from their path the pestiferous little competitor. That is exactly what Roosevelt's ill-fated NRA, which big business favored, would have accomplished.

If big business is more interested in dividends than in freedom, it will not put up a fight against the guaranteed annual wage.

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HUMAN EVENTS

FRANK C. HANIGHEN, *Editor* FRANK CHODOROV, *Associate Editor*

Vol. X, No. 27 Wednesday, July 8, 1953 Washington, D. C.

Here Come the British: The Marquess of Salisbury, Foreign Minister of England and his staff are just about to land in America, in lieu of Winston Churchill who remains in England under doctors' care. Their mission — few diplomats here doubt — is to persuade Washington to agree to a four-power conference, including Moscow, to be held at some early date.

To sell this program to the Eisenhower Administration, the emissaries must first attempt to minimize the revolt in Eastern Europe against the Kremlin. Already, Anglophile papers are beginning to play down news from East Germany and to run planted stories casting doubt on the genuineness of the revolt.

Apparently, Churchill has cast his lot in with Moscow, and British policy will be firmly against any assistance, moral or material, to the revolt against the Red slave rule. In short, the survival of the Red regime has become one of Churchill's vested interests — and Anglophiles and pinkos in this country are now working diligently towards this end.

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On Capitol Hill, apprehension has risen as the British emissaries approach. Members of Congress feel sure that this is the first step in the biggest raid on the U.S. Treasury in history, that Churchill wants to play the broker for enormous dollar sums to be lent to Britain and Russia — an arrangement which would be finally set at a four-power peace conference.

What precise publicity twist will be adopted to put over the primary mission is not as yet discerned. But the original argument of the British for a meeting with Soviet Russia has worn pretty thin. Churchill thought that, whatever the enduring value of Moscow's word, at least one would know with whom we were dealing — Malenkov. But today, all reports suggest that a triumvirate — Malenkov, Beria and Molotov — heads the USSR and no one actually knows which is the "boss" — or really whether all three are still alive or not. How can the Western powers make a deal — under the circumstances?

On the Hill, it is noted with discouragement that in no way has the Eisenhower Administration taken advantage of the revolt in Eastern Europe to push that process further along. Ike at his press conference said the revolt proved that freedom can't be suppressed, but disclaimed any intention of helping with armed intervention. Psychological warfare experts here expressed concern at this public disclaimer. They said that Ike — even if he was firmly resolved never to intervene militarily — should not have said so; that it was unnecessary and only could serve to discourage rebels against Red rule in Eastern Europe.

Indeed, Congressional corridors ring with expressions of dismay over our failure in the war of words, in the present situation. While Syngman Rhee chose the 4th of July to address an appeal for Korean independence to the American people, the Eisenhower Administration badly missed the boat on this excellent occasion to score in the propaganda arena. Observers here, previous to the 4th, had been expecting, as a matter of course, that the President or members of his official family would launch some sort of "independence" statement to the world on our national holiday — designed to encourage all enslaved peoples to throw off their yokes. It seemed so obvious. Yet not a word along this line was uttered. Members of Congress are impatiently remarking that, as weeks slip by, an historic opportunity to help overthrow the greatest tyranny in history is being frittered away.

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Bricker Amendment: Capitol Hill believes that the much-advertised White House offer to compromise on the language of the Bricker Amendment is not sincere, and is simply a delaying tactic. The White House and State Department really want to drag out talks about a compromise, argue about semicolons and commas, until the end of the Congressional session approaches. Then the matter would be dropped as the legislative body adjourned.

As evidence of the lack of sincerity of the Executive in this matter, members of Congress report that the State Department has assigned one of its best legal experts to devote his full time to the task of defeating the amendment. But leaders of the battle for this amendment, which would protect American sovereignty against treaty law and the UN, claim that they would win if they could get a vote on the bill.

Not Merely Gossip: Some military experts here disagree with General Omar Bradley's warning that internal troubles of the Russian Empire might cause Kremlin leaders to rush into war so as to unify their country. Against this view, it is pointed out that Soviet Russia in the past month has probably been weakened considerably in its military potential in Europe. Some time ago, before the East German revolts, it was agreed by all military men that Russia could easily march its troops to the English Channel and the Pyrenees in a matter of days, flattening out western troops. Now, such an advance would not be so easy, military men say. The upsurge in Poland and East Germany cuts athwart the lines of communication without which the Red Army could not safely move westward. The chances are that the Red General Staff would not now approve any invasion of Western Europe.

● The CIA (Central Intelligence Agency) has just appointed as one of its top officials a man long known in service circles as our "master spy". He is General Carter Clarke, for the past few years attached to the Army Headquarters in Tokyo. Clarke is a good deal of a legend among intelligence officers, with what has been described as a "terrifying knowledge" of all sorts of international secrets. The story goes that Tokyo H.Q. did not allow Clark to set foot in Korea during periods when the military situation there was precarious; the Army would take no risk that this valuable intelligence officer might be killed or fall into the hands of the enemy.

The significance of Clarke's appearance in CIA is that perhaps a new breath of air is blowing in that quarter. For too long "cast offs" from the Army or Navy and various agencies have found haven in CIA; and its general level of talent has not been rated high. For some time, it has been rumored that Allen Dulles (brother of the Secretary of State), head of CIA succeeding "Beedle" Smith, has had great plans for reform. Clarke's appointment, it is taken to mean, signifies that a new team of top aides is being assembled.

Clergy and Communism: The Rev. Carl T. McIntire, head of the Protestant organization known as the International Council of Churches, has announced that his group fully supports the charge that Protestant clergymen form the "largest single group" backing Communism in this country. The charge was made in an article in the current *American Mercury*, written by Dr. J. B. Matthews, himself a Protestant. Matthews has just recently been named counsel of McCarthy's investigating committee. Pro-Communist and anti-McCarthy elements seized upon Matthews' statement to demand his dismissal from the committee.

McIntire said: "We call upon Senator McCarthy's subcommittee not to touch J. B. Matthews. His article in the *American Mercury* is true. The sooner the American people get real facts and realize the situation, the better it will be for both the churches and the country. The church of Jesus Christ cannot be a cover for clergy who promote Marxism."

Senator McCarthy has emphasized again the fact that his committee has never moved to investigate the clergy nor has ever had any intention of doing so. His committee is concerned with quite different lines of investigation. He backed up J. B. Matthews who for many years had enjoyed a high reputation for his exposures and knowledge of the Communist network in this country, since the days when he was

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chief counsel for the House Un-American Activities Committee, at that time headed by Representative Martin Dies of Texas.

McCloy: This political city notes with interest the debut, during the past week, of a book, *The Challenge to American Foreign Policy* by John J. McCloy, former Assistant Secretary of War and more recently High Commissioner to Germany. The Capital already discerns political significance in the issuance of this volume just now because for months a "McCloy-for-Secretary-of-State" drive has been on.

McCloy was Dulles' rival for the post in the weeks following the election last November and was the candidate of the "liberal" faction of the victorious Eisenhower team at the time. Dulles won, but during the winter his stock has slumped and much talk of McCloy (or of Undersecretary "Beedle" Smith) as a possible successor, has been going around.

Those who recall McCloy's record in Washington during the war (when he served as Assistant Secretary of War) find it difficult to believe that he could obtain Senate confirmation, if he were appointed. Major Hamilton Long in his excellent brochure *America's Tragedy* traces how McCloy favored the commissioning of Communist party members as officers in the U.S. Army in 1944. At one point, the ineffable McCloy actually argued that the "dissolution" of the Communist Party made such a policy mandatory. Major Long caustically commented: "Since that ostensible change was merely a technical trick — a change of name — to trap the gullible and thus serve the Communists' purposes, this excuse of McCloy's is obviously worthless."

McCloy, at that time, also brought into the War Department, particularly into the Military Intelligence Division, a troupe of Wall Street lawyers and bankers. Those who lived in Washington in those days recall the clash between the McCloy troupe (led by a lawyer named Alfred McCormick) and the regular Army intelligence officers. The former sought to curry favor with the White House, then hell-bent to carry out the wishes of Moscow; the latter sought to offset pro-Muscovite and pro-Communist policies.

One of the great prophetic documents which emerged from this scrap was written in the regular army officers camp; it sought to prevent our bringing the Russians into the Far Eastern war and to checkmate the rise of the Chinese Communists. The document was suppressed by the McCloy troupe at the time and therefore had no influence on policy; but later it was published at the time of the MacArthur hearings in 1951. In short, McCloy's record in Washington in those years scarcely suggests that he is a far-sighted operator in the foreign field.

Tax Facts: The Sixteenth Amendment authorized the government to levy on incomes "from any source derived". The managers of the United Mine Workers learned about this clause recently when the government ruled that the income on its welfare fund is taxable. It is to be expected that the union will get a reversal of this ruling in time, simply because the union membership represents a sizable voting bloc; there are ways of avoiding the tax on incomes.

Income taxation started in this country during the Civil War. That law did not exempt churches and colleges, and as a result these institutions did not look upon income taxation with favor. When the Sixteenth Amendment was being proposed, during the Taft Administration, the proponents made it known that churches, colleges and other eleemosynary institutions would be exempted, and that donations to them could be deducted from taxable incomes. This won the support of the educators and churchmen; they realized that "you might as well give it to us as to the government". Professors of economics praised income taxation in their textbooks, and clergymen did the same in their sermons. In short, income taxation was eased into the Constitution by bribery.

If necessary, perhaps, the United Mine Workers will divert some of the income from their welfare fund to the building of hospitals (and perhaps a college or two) and thus avoid the levies. The politicians cannot afford to antagonize the union.

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Advance to Barbarism, by F. J. P. Veale. Appleton, Wisconsin. C. C. Nelson. $4.50. Reviewed by George Morgenstern.

Mr. Veale, an English lawyer, has written an important book and a hot one — so hot that, a month after publication, the *New York Times,* New York *Herald Tribune, Saturday Review* and *Time* have not seen fit to get out their 10 foot poles to touch it. His theme is the retrogression of civilized conduct attendant upon World War II.

He summons historical erudition and a lawyer's insight to deal with the savage comedy of total war and victors' justification, achieved by hanging the leaders of the defeated adversary. To establish a parallel to these atrocities it is necessary to retreat in time to the Book of Joshua, to the warrior kings of Assyria who commemorated their victories by erecting pyramids of skulls, and to the Hun, Mongol and Tartar conquerors of more recent date.

Mr. Veale demonstrates that for two centuries before 1939 the process of ameliorating the crudities and barbarities of primitive warfare had steadily advanced. Suddenly the civilized community is confronted with the saturation bombing of civilian populations, the doctrine of "unconditional surrender", the Nuremberg and Tokyo lynching bees and the reinstatement of human slavery as applied to prisoners of war. The consequence, as calmly stated by Field Marshal Montgomery is, "The Nuremberg trials have made the waging of unsuccessful war a crime: the generals on the defeated side are tried and then hanged."

"In Napoleon's armies", Mr. Veale says, "it was said that every recruit carried a field marshal's baton in his haversack; from now onward, it can be said with much greater assurance that every officer in a modern army above a certain rank carries a rope around his neck."

How did all this come about? Certainly in part through the malice, ignorance, vindictiveness and passion for self-justification of the clay-footed heroes of the chamber of horrors that is the 20th Century — Roosevelt, Stalin and Churchill. And again for three basic reasons:

(1) That wars are no longer limited and specific in purpose and aim but are fought for grandiose and unrealizable objectives appealing to the great illusions and great passions that move a people.

(2) That so-called Peoples' Wars are fought, not by professional soldiers disposed to respect civilian life and property and to acknowledge the rough code of chivalry based on understanding that the role of victor and vanquished is easily interchangeable, but by mass armies of conscripts conditioned by emotional engineering needed to produce the deep emotional fears and hatreds essential to deeds of mass valor and gross brutality.

(3) That national self-hypnosis under these conditions begets forgetfulness of the fact that the only purpose of war is to prevail on the enemy to change his mind, and that this, having been accomplished, victory is not to be considered an end in itself, but can be justified only as a means by which an equitable and lasting peace is achieved.

Veale's book is supported by such exact and fascinating detail, is phrased with such precision and irony, and has so many statements in summation which have never before been expressed, or never expressed so well, that the temptation to quote is overwhelming. His conclusion, citing Korea as the validation of the Orwellian concept of unending war for reasons of domestic political tenure, is chilling.

As the facts apply to the prospects, life and hopes of everyone immured in this tragic age, it would be desirable that this book be read by everyone living. Few rational and civilized people still survive; so we cannot predict a wide sale.

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